

YPSILANTI HOUSING COMMISSION
YPSILANTI, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
AND
REPORTS ON INTERNAL CONTROL AND
COMPLIANCE

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <i>Ypsilanti Housing Commission</i>		County
Audit Date <i>6/30/04</i>	Opinion Date <i>2/23/05</i>	Date Accountant Report Submitted to State: <i>3/18/05</i>		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <i>Barry E. Gaudet, CPA, PC</i>			
Street Address <i>1107 E. Eighth Street</i>		City <i>Traverse City</i>	State <i>MI</i>
Accountant Signature <i>Barry E. Gaudet</i>		ZIP <i>49684</i>	

YPSILANTI HOUSING COMMISSION
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INTRODUCTION

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
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Independent Auditor's Report

Board of Commissioners
Ypsilanti Housing Commission
Ypsilanti, Michigan

We have audited the accompanying statement of net assets of the Ypsilanti Housing Commission, Michigan (a component unit of the City of Ypsilanti) as of June 30, 2004, and the related statements of revenues, expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Housing Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ypsilanti Housing Commission, Michigan, as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2005 on our consideration of the Housing Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Ypsilanti Housing Commission
Independent Auditor's Report
Page Two

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information the Government Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Housing Commission. The accompanying Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Housing Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as of June 30, 2004.

Barry E. Vandell, CPA, PC

February 23, 2005

YPSILANTI HOUSING COMMISSION
YPSILANTI, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
June 30, 2004

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The Ypsilanti Housing Commission, created in 1953, by the City of Ypsilanti provides housing to meet the community's needs for affordable low-income housing. As management of the Housing Commission, we offer readers this narrative overview and analysis of the financial activities of the Housing Commission for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the Housing Commission's financial statements.

Financial Highlights

The financial statements for Ypsilanti Housing Commission consists of four programs. The first is owned housing, consisting of 193 units of public housing, the second is the capital funding program, the third is the housing choice voucher program consisting of 197 qualifying low-income residents for rental housing, and the Housing Commission also has operated a Drug Elimination Program that has been discontinued.

Ypsilanti Housing Commission had total revenues of \$2,552,559 that includes \$302,536 in rental payments and \$2,221,103 in federal assistance. Total revenues increased by \$199,491 from the prior year, in part, because of federal assistance increasing by \$199,645 from the prior year. Total operating expenses were \$2,906,062, that includes \$419,529 in administrative expenses, \$124,729 in utilities, \$431,892 in ordinary maintenance and operation, \$1,456,768 in housing assistance payments, and \$295,724 in depreciation expense. The operating expenses increased by \$172,271 in part, because of, HAP payments and tenant services increasing over the prior year.

The assets of the Housing Commission exceeded its liabilities at the close of the most recent fiscal year by \$3,559,804. The Housing Commission's total net assets decreased by \$335,570 compared to the prior year. The decrease can be attributed, in part, to the depreciation expense of \$295,724.

Total assets of the Housing Commission were \$3,885,839 and also, there was \$886,957 of current assets and \$303,356 in current liabilities. There was a net decrease in total assets of \$309,579 from the prior year. The decrease is due, in part, because of depreciation expense of \$295,724 was taken.

The Housing Commission's overall financial condition has remained relatively stable.

YPSILANTI HOUSING COMMISSION
YPSILANTI, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A) - CONTINUED
June 30, 2004

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Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- * Statement of Net Assets - reports on the Housing Commission's current financial resources with capital and other assets and other liabilities.
- * Statement of Revenues, Expenses, and Changes in Fund Net Assets - reports the Housing Commission's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- * Statement of Cash Flows - reports the Housing Commission's cash flows from operating, investing, capital, and non-capital activities.

Financial Analysis of the Housing Commission

The following combined condensed balance sheets show a summary of changes for the years ended June 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Current assets	\$ 886,957	\$ 951,590	\$(64,633)
Property and equipment	<u>2,998,882</u>	<u>3,243,828</u>	<u>(244,946)</u>
Total assets	<u>\$3,885,839</u>	<u>\$4,195,418</u>	<u>\$(309,579)</u>
Current liabilities	\$ 303,356	\$ 272,340	\$ 31,016
Noncurrent liabilities	<u>22,679</u>	<u>27,704</u>	<u>(5,025)</u>
Total liabilities	<u>326,035</u>	<u>300,044</u>	<u>25,991</u>
Net assets:			
Invested in capital assets	2,998,882	3,243,828	(244,946)
Unrestricted	<u>560,922</u>	<u>651,546</u>	<u>(90,624)</u>
Total net assets	<u>3,559,804</u>	<u>3,895,374</u>	<u>(335,570)</u>
Total liabilities and net assets	<u>\$3,885,839</u>	<u>\$4,195,418</u>	<u>\$(309,579)</u>

YPSILANTI HOUSING COMMISSION
YPSILANTI, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A) - CONTINUED
June 30, 2004

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Financial Analysis of the Housing Commission (continued)

The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Housing Commission for the years ended June 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Operating revenues:			
Dwelling rent	\$ 302,536	\$ 268,829	\$ 33,707
Nondwelling rent	<u>24,835</u>	<u>18,311</u>	<u>6,524</u>
Total operating revenues	<u>327,371</u>	<u>287,140</u>	<u>40,231</u>
Operating expenses:			
Administration	419,529	440,405	(20,876)
Tenant services	52,003	19,873	32,130
Utilities	124,729	104,982	19,747
Ordinary maintenance and operation	431,892	486,442	(54,550)
Protective services	2,515	1,112	1,403
General expenses	111,906	60,603	51,303
Interest expense	996		996
Severance expense	10,000		10,000
Casualty losses		4,934	(4,934)
Housing assistance payments	1,456,768	1,319,716	137,052
Depreciation	<u>295,724</u>	<u>295,724</u>	
Total operating expenses	<u>2,906,062</u>	<u>2,733,791</u>	<u>172,271</u>
Non-operating revenue:			
Interest income	4,085	3,201	884
Operating grants	2,145,907	1,997,040	148,867
Capital grants	75,196	24,418	50,778
Other income	<u> </u>	<u>41,269</u>	<u>(41,269)</u>
Total nonoperating revenue	<u>2,225,188</u>	<u>2,065,928</u>	<u>159,260</u>
Prior period adjustments	<u>17,933</u>	<u>(42,970)</u>	<u>60,903</u>
Change in Net Assets	<u><u>\$ (335,570)</u></u>	<u><u>\$ (423,693)</u></u>	<u><u>\$ 88,123</u></u>

FINANCIAL STATEMENTS

YPSILANTI HOUSING COMMISSION
COMBINED STATEMENT OF NET ASSETS
June 30, 2004
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ASSETS

Current Assets:

Cash	\$ 278,330
Accounts receivable-HUD	13,394
Accounts receivable-government	2,699
Accounts receivable-tenants	4,466
Allowance for doubtful accounts	(1,000)
Investments-unrestricted	340,000
Prepaid expenses	6,327
Due from other programs	<u>242,741</u>

Total Current Assets

886,957

Property, Plant, and Equipment:

Land	935,200
Buildings	9,581,076
Equipment	<u>304,912</u>

Less: accumulated depreciation

10,821,188
(7,822,306)

Net Property, Plant, and Equipment

2,998,882

Total Assets

\$ 3,885,839

See notes to financial statements

YPSILANTI HOUSING COMMISSION
COMBINED STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2004
=====

LIABILITIES and NET ASSETS

Current Liabilities:	
Accounts payable	\$ 12,000
Tenant security deposit liability	17,760
Accrued expenses	21,678
Other current liabilities	9,177
Due to other programs	<u>242,741</u>
Total Current Liabilities	303,356
Noncurrent Liabilities:	
Accrued compensated absences	<u>22,679</u>
Total Liabilities	<u>326,035</u>
Net Assets:	
Invested in capital assets	2,998,882
Unrestricted net assets	<u>560,922</u>
Total Net Assets	<u>3,559,804</u>
Total Liabilities and Net Assets	<u>\$ 3,885,839</u>

See notes to financial statements

YPSILANTI HOUSING COMMISSION
**COMBINED STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS**
 Year Ended June 30, 2004
 =====

OPERATING REVENUES:

Dwelling rent	\$ 302,536
Non-dwelling rent	<u>24,835</u>
Total operating revenues	<u>327,371</u>

OPERATING EXPENSES:

Administration	419,529
Tenant services	52,003
Utilities	124,729
Ordinary maintenance and operation	431,892
Protective services	2,515
General expenses	111,906
Interest expense	996
Severance expense	10,000
Housing assistance payments	1,456,768
Depreciation	<u>295,724</u>
Total operating expenses	<u>2,906,062</u>

Operating income(loss)	<u>(2,578,691)</u>
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NONOPERATING REVENUES AND (EXPENSES):

Investment interest income	4,085
Capital grants	75,196
Operating grants	<u>2,145,907</u>
Total nonoperating revenues(expenses)	<u>2,225,188</u>

Net income(loss)	(353,503)
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Prior period adjustments, equity transfers and correction of errors	17,933
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Net assets, beginning	<u>3,895,374</u>
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Net assets, ending	<u>\$ 3,559,804</u>
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See notes to financial statements

YPSILANTI HOUSING COMMISSION
COMBINED STATEMENT OF CASH FLOWS
 Year Ended June 30, 2004
 =====

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and nondwelling rents	\$ 344,656
Cash payments to other suppliers of goods and services	(2,051,651)
Cash payments to employees for services	<u>(580,136)</u>
Net cash (used in) operating activities	<u>(2,287,131)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Prior period adjustments	42,351
Other governmental revenues	(2,699)
Tenant security deposits	(10,783)
Operating grants	<u>2,162,062</u>
Net cash provided by noncapital financing activities	<u>2,190,931</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Prior period adjustments	(24,418)
Payments on long-term debt	(3,806)
Capital grants	75,196
Payments for capital acquisitions	<u>(50,778)</u>
Net cash (used in) and related financing activities	<u>(3,806)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Certificates of deposits matured	50,000
Receipts of interest and dividends	<u>4,085</u>
Net cash provided by investing activities	<u>54,085</u>

Net increase(decrease) in cash	(45,921)
Cash, beginning	<u>324,251</u>
Cash, ending	<u>\$ 278,330</u>

YPSILANTI HOUSING COMMISSION
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
 Year Ended June 30, 2004
 =====

Reconciliation of cash and cash equivalents
 per statement of cash flows to the balance
 sheet:

Cash	\$ 278,330
Restricted cash	<u> </u>
Cash and cash equivalents per balance sheet	<u><u>\$ 278,330</u></u>

**SCHEDULE RECONCILING OPERATING INCOME
 TO NET CASH FLOW FROM OPERATING
 ACTIVITIES:**

Operating income(loss)	\$(2,578,691)
Adjustments to reconcile operating (loss) to net cash(used in) operating activities:	
Depreciation	295,724
Bad debt allowance	(4,757)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable-tenants	17,285
Prepaid expenses	3,279
Increase (decrease) in liabilities:	
Accounts payable	(20,889)
Accrued wage/payroll taxes	8,212
Accrued compensated absences	(935)
Accrued payments in lieu of taxes	4,000
Deferred revenues	<u>(10,359)</u>
Net cash (used in) operating activities	<u><u>\$(2,287,131)</u></u>

See notes to financial statements

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ypsilanti Housing Commission (the Housing Commission) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Housing Commission's accounting policies are described below.

The Reporting Entity

The Ypsilanti Housing Commission is a component unit of the City of Ypsilanti, a Michigan home rule city. The Housing Commission is a Public Housing Agency created by the City of Ypsilanti on March 9, 1953, consisting of a five member board appointed by the City Mayor and charged with the responsibility to provide and service housing to meet the community's needs for affordable low-income housing. These financial statements include all of the resources and activities of the Ypsilanti Housing Commission over which the Housing Commission exercises operational control or which have financial significance to the Housing Commission. The Housing Commission has no component units and is not responsible for any jointly governed organizations.

Grants and Other Intergovernmental Revenues

The Housing Commission has entered into contracts with the U.S. Department of Housing and Urban Development (HUD). Under Contract C-3045, the Housing Commission constructed, maintains and operates 193 units of subsidized housing in the City of Ypsilanti, Michigan. Under Contract C-3045, the Housing Commission manages a Housing Choice Voucher program of subsidies for 197 qualifying low-income residents for rental housing. The Housing Commission receives an annual operating subsidy determined under a performance formula for units owned by the Housing Commission and an administrative fee based on the number of households it assists under its Housing Choice Voucher program. The Housing Commission also operated a Drug Elimination Program, but discontinued it this fiscal year.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Housing Commission. For the most part, the effect of the interfund activity has been removed from these statements. The Housing Commission only has

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (continued)

business-type activities, which rely to a significant extent on fees and charges for support.

The Housing Commission is considered a major individual Enterprise Fund.

Fund Accounting

The accounts of the Housing Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, equity, revenues, and expenses. The Housing Commission's fund structure includes only proprietary funds. Under generally accepted accounting principles, proprietary funds are grouped into two broad categories - enterprise and internal service funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered through user charges; or (b) where laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service) be recovered with fees and charges rather than with taxes and similar revenues. All of the Housing Commission's funds are operated as enterprise type proprietary funds whereby costs of services are to be recovered through user charges or subsidies from other governmental units.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The Housing Commission's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the economic resources measurement focus, all assets and all liabilities (whether current or noncurrent) are included in the balance sheets of the individual funds. Their reported net assets are segregated into invested capital assets and unrestricted net asset components. Operating statements present increases (revenues) and decreases (expenses) in net assets.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (continued)

Under the accrual basis of accounting, all revenues are recorded when earned, regardless of when received, and all expenses are recorded when a liability is created, regardless of when paid.

In accordance with Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City of Ypsilanti has elected to apply only those Financial Accounting Standards Board Statements issued prior to November 30, 1989 to its proprietary funds and to the proprietary funds of its component units.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Commission considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Insurance

The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

Budgets and Budgetary Accounting

The Housing Commission is required under each of its HUD contracts to adopt an annual operating budget which must be approved by HUD. Budgetary data and comparison of actual and planned performance is reported directly to HUD based on specific program reporting requirements.

Receivables

All receivables are reported at their net value, reflecting where appropriate, by the estimated portion that is expected to be uncollectible. The Housing Commission estimates the uncollectible portion of tenant rents as a percentage of gross tenant rents using prior collection experience.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds. Receivables and payables arising from these transactions are classified as "due from other funds" and "due to other funds" on the statement of net assets.

Fixed Asset Capitalization

Fixed assets with a cost to acquire or construct of \$300 or more are capitalized and depreciated over their estimated useful lives. Depreciation is provided on a straight-line basis using the following estimate of useful lives:

Buildings	40 years
Equipment and furnishings	5 - 10 years
Building improvements	10 years

Net Assets

The Housing Commission classifies its net assets as follows:

- a. Invested in capital assets net of related debt represents all fixed assets acquired by the Housing Commission (both pre-FY 2001 and post-Fy 2001) reduced by accumulated depreciation and related capital projects debt issued to purchase those assets.
- b. Unrestricted net assets indicate that portion of net assets which is available for use in future periods.

Operating Revenues and Expenses

The Housing Commission includes in operating revenues resources that are derived or received from exchange transactions. Resources derived principally from non-exchange transactions are excluded from operating income. Operating expenses include the cost of providing services, excluding depreciation. Depreciation, amounts expended for capital additions and amounts expended for retirement-of-debt are excluded from operating expenses. Depreciation expense is charged to invested capital assets rather than unrestricted net assets.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates. The Housing Commission uses estimates of useful lives of its fixed assets and other estimates in preparing its financial statements. Actual results may differ from the Housing Commission's estimates.

Vacation and Sick Leave

The Housing Commission allows permanent employees to accumulate the following compensated absences:

- * Vacation leave: Upon termination of employment, employees are entitled to receive reimbursement for any accumulated, but unused, vacation time.
- * Sick pay: Used sick leave benefits will be allowed to accumulate indefinitely. Eligible employees will accrue sick leave benefits at the rate of 12 days per year. Upon death or retirement, the employee, the employee or heirs shall be paid for 1/2 of the employee's accumulated sick leave, at the employee's prevailing hourly rate of pay.
- * Personal days: Personal leave may be granted for a period of up to 30 calendar days every 3 years. If this initial period of absence proves insufficient, consideration will be given to a written request for a single extension of no more than 30 calendar days.

The amount of accumulated benefits at June 30, 2004, was \$29,847, and is recorded as a liability in the applicable funds.

Post Employment Benefits

The provision for pension cost is recorded on an accrual basis, and the Commission's policy is to fund pension costs as they accrue.

Income Taxes

As a component unit of a Michigan home rule city, the Housing Commission is exempt from federal and state income taxes. The Housing Commission has no unrelated business income.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
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NOTE 2: CASH AND INVESTMENTS

The Housing Commission maintains cash and investment accounts in the Low Rent Program and Housing Choice Voucher funds. Landlord checks are processed through the Housing Choice Voucher account. All other receipts and disbursements are processed through the Low Rent Program accounts.

HUD authorizes the Housing Commission to invest in certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

The Housing Commission's investments are categorized below to give an indication of the level of risk assumed by the entity at year end.

Category 1: Includes deposits that are insured, registered, or for which the collateral securities are held by the Housing Commission or its agent in the Housing Commission's name. This includes FDIC or equivalent insurance coverage.

Category 2: Includes deposits for which the collateral securities are held by the dealer's trust department or agent in the Housing Commission's name.

Category 3: Includes all uninsured and uncollateralized deposits.

For all deposits shown below, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the Housing Commission's deposits may have been higher than the June 30, 2004, balances detailed below. This means that the Housing Commission's risk and exposure could have been higher at these times. The Housing Commission had no significant type of deposits during the year not included below.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

=====

NOTE 2: CASH AND INVESTMENTS (Continued)

<u>Depository Balances by Category</u>					
<u>Depository</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>	<u>Carrying Value</u>
Citizens Bank	\$652,282	\$	\$	\$652,282	\$616,830
Total Deposits	<u>\$652,282</u>	<u>\$</u>	<u>\$</u>	<u>\$652,282</u>	616,830
Legal services fund					1,000
Petty cash					<u>500</u>
					<u>\$618,330</u>

Reconciliation to Cash on Balance Sheet:

Cash	
Unrestricted investments	\$278,330
	<u>340,000</u>
Total	<u>\$618,330</u>

NOTE 3: RECEIVABLES AND PAYABLES

Tenant Accounts Receivable

Tenant accounts receivable are recorded at gross amount and reduced by the estimated amount uncollectible. At June 30, 2004, the receivables were \$4,460 with \$1,000 estimated as uncollectible. Bad debt expense was \$18,446.

Accounts Receivables - HUD

Amounts due from HUD represents funding due the Housing Commission for actual expenses for the programs financed. Balances at June 30, 2004 were as follows:

Housing Choice Voucher Program	<u>\$ 13,394</u>
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YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

=====

NOTE 3: RECEIVABLES AND PAYABLES (Continued)

Inter-fund Receivables, Payables, and Transfers

Interfund receivables and payables are recorded as "due from other programs" and "due to other programs".

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Low Rent Program	\$ 950	Low Rent Program	\$ 242,741
Housing Choice			
Vouchers	241,791		
	<u>\$ 242,741</u>		<u>\$ 242,741</u>

The capital fund program transferred \$142,202 to the Low Rent Program during the fiscal year ended June 30, 2004. \$67,006 of the transfer was for operating purposes and \$75,196 was an equity transfer.

Leases

Details of the Housing Commission's outstanding capital leases, are set forth below;

Telephone system: The Housing Commission began leasing the telephone system on March 1996 for \$320.74 per month. The lease was originally for five (5) years. The payments since then have been \$152.00 per month. The lease can be cancelled at any time. Housing Commission is in the process of updating the telephone system.

2003 Toyota Pickup: The Housing Commission began leasing a pickup Truck on January 31, 2003 for \$347.89 per month for 39 months.

Lease payments over the next five years are as follows:

2005	\$ 4,175
2006	3,479

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2004

=====

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Balance</u> <u>06/30/03</u>	<u>Additions/Retirements/</u> <u>Transfers</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/04</u>
Low Rent Program				
Land	\$ 935,200	\$	\$	\$ 935,200
Buildings	9,522,353	58,723		9,581,076
Furniture, equip. & machinery - dwellings	24,927	14,806		39,733
Furniture, equip. & machinery - administration	<u>262,918</u>	<u>1,667</u>		<u>264,585</u>
	10,745,398	<u>\$ 75,196</u>	<u>\$</u>	10,820,594
Less accumulated depreciation	<u>(7,525,988)</u>	<u>\$ (295,724)</u>		<u>(7,821,712)</u>
Total	<u>\$3,219,410</u>			<u>\$2,998,882</u>
Capital Fund Program				
Buildings	\$	\$ 58,723	\$ 58,723	\$
Furniture, equipment & machinery- dwellings	24,418		24,418	
Furniture, equipment & machinery- administration		<u>1,667</u>	<u>1,667</u>	
Total	<u>\$ 24,418</u>	<u>\$ 60,390</u>	<u>\$ 84,808</u>	<u>\$</u>

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>06/30/03</u>	<u>Additions/Retirements/</u> <u>Transfers</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/04</u>
Housing Choice Voucher Program				
Furniture, equip. and machinery- administration	\$ 594	\$	\$	\$ 594
	594	<u>\$</u>	<u>\$</u>	594
Less accumulated depreciation	(594)			(594)
Total	<u>\$</u>			<u>\$</u>

NOTE 5: INVESTED IN CAPITAL ASSETS

Changes in invested in capital assets (formerly contributed capital) in the enterprise fund type for the year ended June 30, 2004, consist of the following:

	<u>Invested in</u> <u>Capital Assets</u>
Balance, beginning	\$ 4,462,685
Investment in fixed assets, net of depreciation paid for from operations, not included in contributed capital	<u>(1,463,803)</u>
Balance, ending	<u>\$ 2,998,882</u>

NOTE 6: SEGMENT INFORMATION

The Housing Commission maintains one Enterprise Fund that includes four separate programs which provide housing assistance and grant programs. Segment information for the year ended June 30, 2004, was as follows:

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

=====

NOTE 6: SEGMENT INFORMATION (Continued)

	<u>Low Rent Program</u>	<u>Capital Fund Program</u>	<u>Housing Choice Vouchers</u>	<u>Drug Elimination</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Assets				
Dwelling and nondwelling rents	\$ 327,371	\$	\$	\$
Depreciation	(295,724)			
Other operating expenses	(992,322)		(1,606,288)	(11,728)
Operating (loss)	(960,675)		(1,606,288)	(11,728)
Nonoperating revenues (expenses):				
Investment earnings	3,119		966	
Operating grants	459,288	67,006	1,590,711	28,902
Capital grants		75,196		
Operating transfers	67,006	(67,006)		
Change in net assets	(431,262)	75,196	(14,611)	17,174
Prior period adjustments	134,346	(99,614)	375	(17,174)
Beginning net assets	3,601,310	24,418	269,646	
Ending net assets	<u>\$ 3,304,394</u>	<u>\$</u>	<u>\$ 255,410</u>	<u>\$</u>

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

=====

NOTE 6: SEGMENT INFORMATION (Continued)

Condensed Statement of Cash Flows

	<u>Low Rent Program</u>	<u>Capital Fund Program</u>	<u>Housing Choice Vouchers</u>	<u>Drug Elimination</u>
Net cash provided (used) by:				
Operating activities	\$(669,115)	\$	\$(1,606,288)	\$(11,728)
Nonoperating financing activities	819,839		1,359,364	11,728
Capital and related financing activities	(3,806)			
Investing activities	<u>53,119</u>	<u> </u>	<u>966</u>	<u> </u>
Net increase (decrease)	200,037		(245,958)	
Beginning cash and cash equivalents	<u>78,068</u>	<u> </u>	<u>246,183</u>	<u> </u>
Ending cash and cash equivalents	<u>\$ 278,105</u>	<u>\$</u>	<u>\$ 225</u>	<u>\$</u>

NOTE 7: OTHER INFORMATION

A. Pension Plan

The Ypsilanti Housing Commission pension plan is a Defined Benefit Plan (401a) and is reported to the Municipal Employees' Retirement System of Michigan (MERS) under the umbrella of the City of Ypsilanti. Each employee is covered under the defined benefit plan with MERS that provides for annual employee contributions with complete vesting after 10 years of service. At December 31, 2002, the actuarial evaluation reported that there were eight (8) active participants have assets with a valuation of \$332,544.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 7: OTHER INFORMATION (Continued)

B. Current Vulnerability Due to Certain Concentrations

The Housing Commission operates in a heavily regulated environment. The operations of the Housing Commission are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice to inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

C. Risk Management and Litigation

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which it obtains coverage from commercial companies. The Housing Commission has had no settled claims resulting from these risks that exceed their commercial coverage in the current year or the three prior fiscal years.

D. Implementation of New Accounting Standard

As of and for the year ended June 30, 2004, the Housing Commission implemented GASB Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a government's major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

E. Subsequent Events

The Housing Commission passed a resolution on December 23, 2003 to adopt a repayment agreement in response to OIG finding No. 3.5.1A in the amount of \$98,466. This agreement specifically requires the Ypsilanti Housing Commission to make three equal installments to HUD. The first was made on July 22, 2004 for \$32,822, the second payment of \$32,822 is due June 30, 2005, and the third payment is due June 30, 2005.

YPSILANTI HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 7: OTHER INFORMATION (Continued)

E. Subsequent Events (continued)

There were three separate incidents of fire on December 2002, August 2003, and October 2003 that involved six different apartments. As a result these apartments suffered water damage. The fire insurance policy has a \$25,000 deductible for each incident. It is estimated that the Housing Commission will have to pay about \$75,000 of the deductible.

F. Prior Period Adjustments, Equity Transfers and Correction of Errors

Low Rent Program

Equity transfer from CFP program	\$ 75,196
To adjust HUD operating grants	12,994
Correct prior year retained earnings	<u>46,156</u>
	<u>\$ 134,346</u>

Public Housing Capital Fund Program

Equity transfer to Low Rent program	\$(75,196)
To correct beginning equity	<u>(24,418)</u>
	<u>\$(99,614)</u>

Housing Choice Vouchers Program

Correction of prior year accruals	<u>\$ 375</u>
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Drug Elimination Program

To correct beginning equity	<u>\$(17,174)</u>
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SUPPLEMENTARY INFORMATION

YPSILANTI HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
 June 30, 2004
 =====

C-3045	Capital
Low Rent	Fund
Program	Program
<u>14.850</u>	<u>14.872</u>

ASSETS

Current assets:

Cash	\$	278,105	\$
Accounts receivable-HUD			
Accounts receivable-government		2,699	
Accounts receivable-tenants		4,466	
Allowance for doubtful accounts	(1,000)	
Investments-unrestricted		340,000	
Prepaid expenses		6,327	
Due from other programs		<u>950</u>	
Total current assets		<u>631,547</u>	

Property, plant, and equipment:

Land		935,200	
Buildings		9,581,076	
Equipment		<u>304,318</u>	
		10,820,594	
Less accumulated depreciation	(<u>7,821,712)</u>	
Net property, plant and equipment		<u>2,998,882</u>	
Total Assets	\$	<u><u>3,630,429</u></u>	\$

Housing Choice Vouchers <u>14.871</u>	Drug Elimination Program <u>14.854</u>	<u>Totals</u>
\$ 225	\$	\$ 278,330
13,394		13,394
		2,699
		4,466
		(1,000)
		340,000
		6,327
<u>241,791</u>	<u> </u>	<u>242,741</u>
<u>255,410</u>	<u> </u>	<u>886,957</u>
		935,200
		9,581,076
<u>594</u>	<u> </u>	<u>304,912</u>
594		10,821,188
(594)	<u> </u>	<u>(7,822,306)</u>
<u> </u>	<u> </u>	<u>2,998,882</u>
<u>\$ 255,410</u>	<u>\$</u>	<u>\$ 3,885,839</u>

YPSILANTI HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2004
=====

C-3045	Capital
Low Rent	Fund
Program	Program
<u>14.850</u>	<u>14.872</u>

LIABILITIES and NET ASSETS

Current liabilities:		
Accounts payable	\$ 12,000	\$
Tenant security deposit liability	17,760	
Accrued expenses	21,678	
Other current liabilities	9,177	
Due to other programs	<u>242,741</u>	
Total current liabilities	<u>303,356</u>	
Noncurrent liabilities:		
Accrued compensated absences	<u>22,679</u>	
Total noncurrent liabilities	<u>22,679</u>	
Total liabilities	<u>326,035</u>	
Net Assets:		
Invested in capital assets	2,998,882	
Unrestricted net assets	<u>305,512</u>	
Total net assets	<u>3,304,394</u>	
Total Liabilities and Net Assets	<u>\$3,630,429</u>	<u>\$</u>

Housing Choice Vouchers <u>14.871</u>	Drug Elimination Program <u>14.854</u>	<u>Totals</u>
\$	\$	\$ 12,000
		17,760
		21,678
		9,177
<u> </u>	<u> </u>	<u>242,741</u>
<u> </u>	<u> </u>	<u>303,356</u>
<u> </u>	<u> </u>	<u>22,679</u>
<u> </u>	<u> </u>	<u>22,679</u>
<u> </u>	<u> </u>	<u>326,035</u>
<u>255,410</u>	<u> </u>	<u>2,998,882</u>
<u>255,410</u>	<u> </u>	<u>560,922</u>
<u>255,410</u>	<u> </u>	<u>3,559,804</u>
<u>\$ 255,410</u>	<u>\$</u>	<u>\$ 3,885,839</u>

YPSILANTI HOUSING COMMISSION
**COMBINING STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS**
 Year Ended June 30, 2004
 =====

	C-3045 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
OPERATING REVENUES:		
Dwelling rent	\$ 302,536	\$
Nondwelling rent	<u>24,835</u>	<u> </u>
Total operating revenues	<u>327,371</u>	<u> </u>
OPERATING EXPENSES:		
Administration	298,523	
Tenant services	43,600	
Utilities	124,199	
Ordinary maintenance and operation	409,557	
Protective services	1,628	
General expenses	103,819	
Interest expense	996	
Severance expense	10,000	
Housing assistance payments		
Depreciation	<u>295,724</u>	<u> </u>
Total operating expenses	<u>1,288,046</u>	<u> </u>
Operating income(loss)	<u>(960,675)</u>	<u> </u>
NONOPERATING REVENUES AND (EXPENSES):		
Operating transfers in (out)	67,006	(67,006)
Investment interest income	3,119	
Capital grants		75,196
Operating grants	<u>459,288</u>	<u>67,006</u>
Total nonoperating revenues (expenses)	<u>529,413</u>	<u>75,196</u>
Net income(loss)	<u>(431,262)</u>	<u>75,196</u>
Prior period adjustments, equity transfers and correction of errors	134,346	(99,614)
Net assets, beginning	<u>3,601,310</u>	<u>24,418</u>
Net assets, ending	<u>\$3,304,394</u>	<u>\$</u>

Housing Choice Vouchers 14.871	Drug Elimination Program 14.854	Totals
\$	\$	\$ 302,536
		24,835
		327,371
119,591	1,415	419,529
	8,403	52,003
	530	124,729
21,842	493	431,892
	887	2,515
8,087		111,906
		996
		10,000
1,456,768		1,456,768
		295,724
<u>1,606,288</u>	<u>11,728</u>	<u>2,906,062</u>
(1,606,288)	(11,728)	(2,578,691)
966		4,085
		75,196
<u>1,590,711</u>	<u>28,902</u>	<u>2,145,907</u>
<u>1,591,677</u>	<u>28,902</u>	<u>2,225,188</u>
(14,611)	17,174	(353,503)
375	(17,174)	17,933
<u>269,646</u>		<u>3,895,374</u>
<u>\$ 255,410</u>	<u>\$</u>	<u>\$ 3,559,804</u>

YPSILANTI HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
 Year Ended June 30, 2004
 =====

	C-3045 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from dwelling and nondwelling rents	\$ 344,656	\$
Cash payments to other suppliers of goods and services	(529,209)	
Cash payments to employees for services	(484,562)	
Cash payments for in lieu of taxes		
Net cash (used in) operating activities	<u>(669,115)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Adjustments	59,150	
Other governmental revenues	(2,699)	
Tenant security deposits	(10,783)	
Due from/to other funds	247,877	(24,418)
Operating transfers in (out)	67,006	(67,006)
Operating grants	<u>459,288</u>	<u>91,424</u>
Net cash provided by noncapital financing activities	<u>819,839</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Adjustments		(24,418)
Payments on long-term debt	(3,806)	
Capital grants		75,196
Payments for capital acquisitions		<u>(50,778)</u>
Net cash (used in) capital and related financing activities	<u>(3,806)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Certificates of deposits matured	50,000	
Receipts of interest and dividends	<u>3,119</u>	
Net cash provided by investing activities	<u>53,119</u>	
Net increase(decrease) in cash	200,037	
Cash, beginning	<u>78,068</u>	
Cash, ending	<u>\$ 278,105</u>	<u>\$</u>

Housing Choice Vouchers 14.871	Drug Elimination Program 14.854	Totals
\$	\$	\$ 344,656
(1,518,668)	(3,774)	(2,051,651)
(87,620)	(7,954)	(580,136)
<u>(1,606,288)</u>	<u>(11,728)</u>	<u>(2,287,131)</u>
375	(17,174)	42,351
		(2,699)
(186,162)	(37,297)	(10,783)
<u>1,545,151</u>	<u>66,199</u>	<u>2,162,062</u>
<u>1,359,364</u>	<u>11,728</u>	<u>2,190,931</u>
		(24,418)
		(3,806)
		75,196
		<u>(50,778)</u>
		<u>(3,806)</u>
		50,000
<u>966</u>		<u>4,085</u>
<u>966</u>		<u>54,085</u>
(245,958)		(45,921)
<u>246,183</u>		<u>324,251</u>
<u>\$ 225</u>	<u>\$</u>	<u>\$ 278,330</u>

YPSILANTI HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 Year Ended June 30, 2004
 =====

C-3045	Capital
Low Rent	Fund
Program	Program
<u>14.850</u>	<u>14.872</u>

**RECONCILIATION OF CASH AND CASH
 EQUIVALENTS PER STATEMENT OF CASH
 FLOWS TO THE BALANCE SHEET:**

Cash	\$ 278,105	\$
Restricted cash	<u> </u>	<u> </u>
Cash and cash equivalents per balance sheet	<u>\$ 278,105</u>	<u>\$</u>

**SCHEDULE RECONCILING OPERATING INCOME
 TO NET CASH FLOW FROM OPERATING
 ACTIVITIES:**

Operating income(loss)	\$ (960,675)	\$
Adjustments to reconcile operating (loss) to net cash(used in) operating activities:		
Depreciation	295,724	
Bad debt allowance	(4,757)	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants	17,285	
Prepaid expenses	3,279	
Increase (decrease) in liabilities:		
Accounts payable	(20,889)	
Accrued wage/payroll taxes	8,212	
Accrued compensated absences	(935)	
Accrued payments in lieu of taxes	4,000	
Deferred revenues	<u>(10,359)</u>	<u> </u>
Net cash (used in) operating activities	<u>\$ (669,115)</u>	<u>\$</u>

Housing Choice Vouchers 14.871	Drug Elimination Program 14.854	Totals
\$ 225	\$	\$ 278,330
<u>\$ 225</u>	<u>\$</u>	<u>\$ 278,330</u>
\$ (1,606,288)	\$ (11,728)	\$ (2,578,691)
		295,724
		(4,757)
		17,285
		3,279
		(20,889)
		8,212
		(935)
		4,000
		(10,359)
<u>\$ (1,606,288)</u>	<u>\$ (11,728)</u>	<u>\$ (2,287,131)</u>

YPSILANTI HOUSING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2004
=====

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year	<u>Federal Grantor</u>	<u>CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2004	Low Rent Public Housing	14.850	\$ 459,288
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2004	Capital Fund Program	14.872	142,202
	<u>Low Income Public Housing Major - Direct Program</u>		
2004	Housing Choice Vouchers	14.871	1,590,711
	<u>Low Income Public Housing Nonmajor - Direct Program</u>		
2004	Drug Elimination Section 8 Programs	14.854	<u>28,902</u>
	Total		<u>\$2,221,103</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1: Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

CFDA = Catalog of Federal Domestic Assistance

YPSILANTI HOUSING COMMISSION

FINANCIAL DATA SCHEDULE

Year Ended June 30, 2004

=====

FDS Line Item No.		C-3045 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
	ASSETS		
	Current Assets:		
	Cash:		
111	Cash-unrestricted	\$ 251,243	\$
114	Cash-tenant security deposits	<u>26,862</u>	
100	Total cash	<u>278,105</u>	
	Receivables:		
122	A/R-HUD other projects		
124	A/R-other government	2,699	
126	A/R-tenants-dwelling rents	4,466	
126.1	Allowance for doubtful accounts - dwelling rents	<u>(1,000)</u>	
120	Total receivables, net of allowance for doubtful accounts	<u>6,165</u>	
	Current Investments:		
131	Investments-unrestricted	<u>340,000</u>	
	Other Current Assets:		
142	Prepaid expenses and other assets	6,327	
144	Interprogram due from	<u>950</u>	
	Total other current assets	<u>7,277</u>	
150	Total current assets	<u>631,547</u>	
	Noncurrent Assets:		
	Fixed Assets:		
161	Land	935,200	
162	Buildings	9,581,076	
163	Furn, equip & mach-dwellings	39,733	
164	Furn, equip & mach-admin.	264,585	
166	Accumulated depreciation	<u>(7,821,712)</u>	
160	Total fixed assets, net of accumulated depreciation	<u>2,998,882</u>	
180	Total noncurrent assets	<u>2,998,882</u>	
190	Total Assets	<u>\$ 3,630,429</u>	<u>\$</u>

Housing Choice Vouchers 14.871	Drug Elimination Program 14.854	Totals
\$ 225	\$	\$ 251,468
		26,862
225		278,330
13,394		13,394
		2,699
		4,466
		(1,000)
13,394		19,559
		340,000
		6,327
241,791		242,741
241,791		249,068
255,410		886,957
		935,200
		9,581,076
		39,733
594		265,179
(594)		(7,822,306)
		2,998,882
		2,998,882
\$ 255,410	\$	\$ 3,885,839

YPSILANTI HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended June 30, 2004
 =====

FDS Line Item No.		C-3045 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS			
	Liabilities:		
	Current Liabilities:		
321	Accrued wage/payroll taxes payable	\$ 14,510	\$
322	Accrued compensated absences	7,168	
333	Accounts payable-other government	12,000	
341	Tenant security deposits	17,760	
345	Other current liabilities	9,177	
347	Interprogram due to	<u>242,741</u>	
310	Total current liabilities	<u>303,356</u>	
	Noncurrent Liabilities:		
354	Accrued compensated absences	<u>22,679</u>	
350	Total noncurrent liabilities	<u>22,679</u>	
300	Total liabilities	<u>326,035</u>	
	Net Assets:		
508.1	Invested in capital assets	<u>2,998,882</u>	
508	Total invested in capital assets	2,998,882	
512.1	Unrestricted net assets	<u>305,512</u>	
513	Total Net Assets	<u>3,304,394</u>	
600	Total Liabilities and Net Assets	<u>\$ 3,630,429</u>	<u>\$</u>

Housing Choice Vouchers <u>14.871</u>	Drug Elimination Program <u>14.854</u>	<u>Total</u>
\$	\$	\$ 14,510
		7,168
		12,000
		17,760
		9,177
<u> </u>	<u> </u>	<u>242,741</u>
<u> </u>	<u> </u>	<u>303,356</u>
<u> </u>	<u> </u>	<u>22,679</u>
<u> </u>	<u> </u>	<u>22,679</u>
<u> </u>	<u> </u>	<u>326,035</u>
<u> </u>	<u> </u>	<u>2,998,882</u>
		2,998,882
<u>255,410</u>	<u> </u>	<u>560,922</u>
<u>255,410</u>	<u> </u>	<u>3,559,804</u>
<u>\$ 255,410</u>	<u>\$</u>	<u>\$ 3,885,839</u>

YPSILANTI HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended June 30, 2004
 =====

FDS Line Item No.		C-3045 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
	Revenue:		
703	Net tenant rental revenue	\$ 302,536	\$
704	Tenant revenue-other	<u>24,835</u>	
705	Total tenant revenue	327,371	
706	HUD PHA grants	459,288	67,006
706.1	Capital grants		75,196
711	Investment income-unrestricted	<u>3,119</u>	
700	Total revenue	<u>789,778</u>	<u>142,202</u>
	Expenses:		
	Administrative:		
911	Administrative salaries	191,628	
912	Auditing fees	7,077	
915	Employee benefit contributions-adm.	29,847	
916	Other operating-administrative	69,971	
	Tenant Services:		
921	Tenant services-salaries	39,462	
924	Tenant services-other	4,138	
	Utilities:		
931	Water	95,548	
932	Electricity	14,238	
933	Gas	14,413	
	Ordinary maintenance and operation:		
941	Ordinary maint & oper-labor	134,388	
942	Ordinary maint & oper-mat'ls & other	51,509	
943	Ordinary maint & oper-contract costs	127,146	
945	Employee benefit contributions	96,514	
952	Protective services-other contract costs	1,628	
	General expenses:		
961	Insurance premiums	79,353	
962	Other general expenses	2,020	
963	Payments in lieu of taxes	4,000	
964	Bad debt - tenant rents	18,446	
967	Interest expense	996	
968	Severance expense	<u>10,000</u>	
969	Total operating expenses	<u>992,322</u>	
970	Excess operating revenue over operating expenses	<u>(202,544)</u>	<u>142,202</u>

Housing Choice Vouchers <u>14.871</u>	Drug Elimination Program <u>14.854</u>	<u>Total</u>
\$	\$	\$ 302,536
		24,835
		327,371
1,590,711	28,902	2,145,907
		75,196
<u>966</u>		<u>4,085</u>
<u>1,591,677</u>	<u>28,902</u>	<u>2,552,559</u>
87,620		279,248
947		8,024
		29,847
31,024	1,415	102,410
	7,954	47,416
	449	4,587
		95,548
	199	14,437
	331	14,744
		134,388
		51,509
		127,146
21,842	493	118,849
	887	2,515
8,087		87,440
		2,020
		4,000
		18,446
		996
		<u>10,000</u>
<u>149,520</u>	<u>11,728</u>	<u>1,153,570</u>
<u>1,442,157</u>	<u>17,174</u>	<u>1,398,989</u>

YPSILANTI HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended June 30, 2004
 =====

FDS Line Item No.		C-3045 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
	Expenses continued:		
	Other expenses:		
973	Housing assistance payments		
974	Depreciation expense	<u>295,724</u>	
	Total other expenses	<u>295,724</u>	
900	Total expenses	<u>1,288,046</u>	
	Excess (deficiency) of operating revenue over(under) expenses before other financing sources (uses)	(498,268)	142,202
	Other Financing Sources(Uses):		
1001	Operating transfers in (out)	<u>67,006</u>	(67,006)
1000	Excess (deficiency) of operating revenue over(under) expenses	(431,262)	75,196
1103	Beginning Net Assets	3,601,310	24,418
1104	Prior period adjustments, equity transfers and correction of errors	<u>134,346</u>	(99,614)
	Ending Net Assets	<u>\$ 3,304,394</u>	<u>\$</u>

Housing Choice Vouchers <u>14.871</u>	Drug Elimination Program <u>14.854</u>	<u>Totals</u>
1,456,768		1,456,768
		<u>295,724</u>
<u>1,456,768</u>		<u>1,752,492</u>
<u>1,606,288</u>	<u>11,728</u>	<u>2,906,062</u>
(14,611)	17,174	(353,503)
(14,611)	17,174	(353,503)
269,646		3,895,374
<u>375</u>	<u>(17,174)</u>	<u>17,933</u>
<u>\$ 255,410</u>	<u>\$</u>	<u>\$ 3,559,804</u>

**Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Housing Commissioners
Ypsilanti Housing Commission
Ypsilanti, Michigan

We have audited the financial statements of the Ypsilanti Housing Commission, Michigan, (Housing Commission) as of and for the year ended June 30, 2004, and have issued our report thereon dated February 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk

Report on Compliance and on Internal Control
In Accordance with Government Auditing Standard
Ypsilanti Housing Commission
Page Two

Internal Control Over Financial Reporting - Continued

that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We have noted other matters involving the internal control over financial reporting that we have reported to management of the Housing Commission in a separate letter dated February 23, 2005.

This report is intended solely for the information and use of the audit committee, Board of Housing Commissioners, management, others within the organization, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barry E. Sandell, CPA, PC

February 23, 2005

**Report on Compliance with Requirements
Applicable To Each Major Program and
Internal Control over Compliance
in Accordance with OMB Circular A-133**

Board of Housing Commissioners
Ypsilanti Housing Commission
Ypsilanti, Michigan

Compliance

We have audited the compliance of the Ypsilanti Housing Commission, Michigan (Housing Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The Housing Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Commission's management. Our responsibility is to express an opinion on the Housing Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Commission's compliance with those requirements.

Report on Compliance and Internal Control
Over Compliance in Accordance With
OMB Circular A-133
Ypsilanti Housing Commission
Page Two

Compliance (continued)

In our opinion, Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Housing Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We have noted other matters involving the internal control over financial reporting that we have reported to management of the Housing Commission in a separate letter dated February 23, 2005.

This report is intended solely for the information and use of the audit committee, Board of Housing Commissioners, management, others within the organization, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bary E. Landolt, CPA, PC

February 23, 2005

YPSILANTI HOUSING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2004
 =====

A. Summary of Audit Results

Financial Statements

1. Type of Auditor's Report issued: Unqualified
2. Internal control over financial reporting:
 - a. Material weakness identified No
 - b. Reportable condition identified that is not a material weakness No
3. Noncompliance material to financial statements: No

Federal Awards

1. Internal control over major programs:
 - a. Material weakness identified No
 - b. Reportable condition that is not a material weakness No
2. Type of auditor's report issued on compliance for major programs Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No
4. Identification of major programs:

CFDA Number	Federal Program	Amount Expended	Major Program	Compliance Requirement	Questioned Costs	Audit Finding
14.850	Low Rent Public Housing	\$ 459,288	No	O	N/A	N/A
14.872	Capital Fund Program	142,202	No	O	N/A	N/A
14.854	Drug Elimination Program	28,902	No	O	N/A	N/A
14.871	Housing Choice Vouchers	<u>1,590,711</u>	Yes	O	N/A	N/A
Total		<u>\$2,221,103</u>				

5. Dollar threshold used to distinguish between type A and type B programs \$300,000
6. Auditee qualified as low-risk auditee? Yes

YPSILANTI HOUSING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2004
=====

B.	Financial Statement Findings	None
C.	Federal Award Findings and Questioned Costs	None

YPSILANTI HOUSING COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2004

=====

NONE

YPSILANTI HOUSING COMMISSION
ADJUSTING JOURNAL ENTRIES
JUNE 30, 2004

=====			
Electronic Submission			
<u>Line Number</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
LOW RENT PROGRAM			
	(1)		
331	Accounts payable-HUD	\$ 39,470.00	
144	Interprogram due from		\$ 39,462.00
916	Other operating-adm.		8.00
	To adjust A/P-HUD to zero.		
	(2)		
915	Employee benefit		
	contributions-adm.	29,846.86	
322	Accrued compensated		
	absences		7,168.00
354	Accrued compensated		
	absences		22,678.86
	To setup accrued compensated		
	absences liability.		
	(3)		
961	Insurance premiums	42,282.46	
142	Prepaid expenses		42,282.46
	To adjust prepaid insurance		
	to actual at 6/30/04.		
	(4)		
706	HUD PHA operating grants	80,000.00	
162	Buildings	58,723.00	
163	Furniture, equipment &		
	machinery-dwellings	14,806.00	
164	Furniture, equipment &		
	machinery-administration	1,667.00	
1001	Operating transfers in		67,006.00
1104	Equity transfer		75,196.00
1104	Correction of error		12,994.00
	To adjust HUD operating		
	grants to agree to LOCCS		
	report.		
		<u>\$266,795.32</u>	<u>\$266,795.32</u>

YPSILANTI HOUSING COMMISSION
ADJUSTING JOURNAL ENTRIES (CONTINUED)
JUNE 30, 2004

=====

Electronic Submission <u>Line Number</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
HOUSING CHOICE VOUCHER PROGRAM			
	(1)		
1104	Prior period adjustment	\$ 6,879.00	
122	Accounts receivable-HUD		\$ 6,879.00
	To adjust A/R-HUD to amount received from HUD after June 30, 2004.		
		<u>\$ 6,879.00</u>	<u>\$ 6,879.00</u>

DRUG ELIMINATION PROGRAM

	(1)		
347	Interprogram due to	\$ 38,724.00	
122	Accounts receivable- HUD		\$ 38,724.00
	To adjust bonds payable to bank confirmation and loan amortization schedule.		
		<u>\$ 38,724.00</u>	<u>\$ 38,724.00</u>

CAPITAL FUND PROGRAM

	(1)		
347	Interprogram due to	\$ 61,517.00	
122	Accounts receivable- HUD		\$ 738.00
144	Interprogram due from		60,779.00
	To adjust balances to zero.		
	(2)		
1104	Prior period adjustment	7,256.00	
1002	Operating transfer out	142,202.00	
162	Buildings		58,723.00
163	Furniture, equipment & machinery-dwellings		14,806.00
164	Furniture, equipment & machinery-admin.		1,667.00
706.1	Capital grants		74,262.00
	To reclassify fixed to the Low Rent Program.		
		<u>\$210,975.00</u>	<u>\$ 210,975.00</u>

YPSILANTI HOUSING COMMISSION
INDEPENDENT AUDITORS' REPORTS
ON COMMUNICATIONS WITH THE
AUDIT COMMITTEE/BOARD OF COMMISSIONERS
AND
MANAGEMENT ADVISORY COMMENTS

JUNE 30 2004

YPSILANTI HOUSING COMMISSION
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JUNE 30 2004

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**INDEPENDENT AUDITORS' REPORT ON
COMMUNICATIONS WITH THE AUDIT COMMITTEE/
BOARD OF COMMISSIONERS**

To the Board of Commissioners
Ypsilanti Housing Commission

We have audited the financial statements of the Ypsilanti Housing Commission ("Housing Commission") as of and for the year ended June 30, 2004, and have issued our report, thereon, dated February 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we communicate certain matters to your audit committee or its equivalent. These communications are reported in the following paragraphs.

Auditors' Responsibilities Under Auditing Standards Generally Accepted in the United States of America - In planning and performing our audit of the financial statements, we considered your internal control in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on your internal control. Also, an audit conducted under auditing standards generally accepted in the United States of America is designed to obtain a reasonable, rather than absolute, assurance about the financial statements.

Significant Accounting Policies - The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements. There were several audit adjusting journal entries, but no controversial accounting issues.

Management Judgments and Accounting Estimates - Significant management judgments and accounting estimates are disclosed in the notes to the financial statements.

Other Information in Documents Containing Audited Financial Statements - All the information included in the financial statements document has been audited and our responsibilities are addressed in the Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON COMMUNICATIONS WITH THE
AUDIT COMMITTEE - CONTINUED**

Audit Adjustments - For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Housing Commission's financial reporting process (that is, cause future financial statements to be materially misstated). The attached audit adjustments, in our judgment, indicate matters that could have a significant effect on the Housing Commission's financial reporting process (see pages 6 and 7, showing the audit adjusting journal entries).

Disagreements With Management - For purposes of this letter, professional accounting standards define disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the audit.

Consultations With Other Accountants - To our knowledge, management has not consulted with other accountants regarding auditing and accounting matters.

Major Issues Discussed With Management Prior to Retention - There was no discussions regarding the application of accounting principles or auditing standards with management prior to our retention as your auditor.

Difficulties Encountered in Performing the Audit - There were no difficulties encountered in performing the audit. The staff was very cooperative and helpful.

This report is intended solely for the information and use of the audit committee or its equivalent and management and is not intended to be and should not be used by anyone other than these specified parties.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire more information on the above communications, we would welcome the opportunity to discuss them with you.

Bany E. Tardella, CPA, PC

February 23, 2005

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITORS' REPORT ON
MANAGEMENT ADVISORY COMMENTS**

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
Fax (231) 946-1377

To the Board of Commissioners
Ypsilanti Housing Commission

We have audited the financial statements of the Ypsilanti Housing Commission ("Housing Commission") as of and for the year ended June 30, 2004, and have issued our report, thereon, dated February 23, 2005. We have also issued compliance reports and reports on the internal control in accordance with *Government Auditing Standards*. These reports disclosed no material instances of noncompliance, weaknesses and reportable conditions.

Other matters involving the Housing Commission's operations and internal control, which came to our attention during the audit, are reported on the following pages as management advisory comments.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the Housing Commission's personnel during the course of our work.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

Barry E. Gaudette, CPA, P.C.

February 23, 2005

YPSILANTI HOUSING COMMISSION
MANAGEMENT ADVISORY COMMENTS
June 30, 2004

=====

Tenant Deposits

The deposit ticket is usually prepared by someone other than the individual making the deposit, but the preparer does not indicate on the deposit ticket/bank receipt that the amount deposited was correct.

We recommend that the Housing Commission have an employee that does not make the deposit review the deposit ticket and then after the deposit ticket receipt is brought back, this employee should review that the deposit is the correct amount and also initial the deposit ticket receipt.

Computer Back-Up

The Housing Commission has not been storing the computer back-ups in a fire proof safe.

We recommend that the backup disk from the previous night be stored off-site, preferably in a safe deposit box at a bank or stored on site in a fire proof safe.

Housing Choice Vouchers

The Housing Commission makes payments to landlords for Housing Assistance Payments each month, but there is not a review of whether the landlord exists by someone other than the Housing Choice Voucher employee in charge of preparing the checks to landlords.

We recommend that there be a comparison of the landlord in the tenant files to the payee on the check by someone other than the employee that prepares the checks periodically.

Board Member that Signs the checks

The Housing Commission has a policy that two signatures are required on checks, although there is an adequate review process by the staff, the Board member that signs the checks may not always be reviewing the supporting documentation.

We recommend the Board member that signs the checks, also reviews the supporting documentation to be sure the expenditure is proper.

YPSILANTI HOUSING COMMISSION
MANAGEMENT ADVISORY COMMENTS (CONTINUED)
June 30, 2004
=====

Travel Advances

The Housing Commission at various times during the fiscal year made advances to employees for approved travel, but there is not always documentation available to support the disbursement.

We recommend the Housing Commission make available a standard travel expense report that should be completed by the employee and approved by the Executive Director after the expenses are known for the advances.

YPSILANTI HOUSING COMMISSION
ADJUSTING JOURNAL ENTRIES
June 30, 2004
=====

Electronic
Submission

<u>Line Number</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
--------------------	---------------------	--------------	---------------

LOW RENT PROGRAM

	(1)		
331	Accounts payable-HUD	\$ 39,470.00	
144	Interprogram due from		\$ 39,462.00
916	Other operating-adm.		8.00
	To adjust A/P-HUD to zero.		
	(2)		
915	Employee benefit contrib.- administration	29,846.86	
322	Accrued compensated absences-current		7,168.00
354	Accrued compensated absences-longterm		22,678.86
	To setup accrued compensated absences liability.		
	(3)		
961	Insurance premiums	42,282.46	
142	Prepaid expenses		42,282.46
	To adjust prepaid insurance to actual at 6/30/04.		
	(4)		
706	HUD PHA operating grants	80,000.00	
162	Buildings	58,723.00	
163	Furniture, equipment & machinery-dwellings	14,806.00	
164	Furniture, equipment & machinery-administration	1,667.00	
1001	Operating transfers in		67,006.00
1104	Equity transfer		75,196.00
1104	Correction of error		12,994.00
	To adjust HUD operating grants to agree to LOCCS report.		
		<u>\$266,795.32</u>	<u>\$266,795.32</u>

YPSILANTI HOUSING COMMISSION
ADJUSTING JOURNAL ENTRIES
June 30, 2004
=====

Electronic
Submission
Line Number Account Name Debit Credit

HOUSING CHOICE VOUCHER PROGRAM

(1)

1104	Prior period adjustment	\$ 6,879.00	
122	Accounts receivable-HUD		\$ 6,879.00
	To adjust A/R-HUD to amount receive from HUD after June 30, 2004.		

DRUG ELIMINATION PROGRAM

(1)

347	Interprogram due to	\$ 38,724.00	
122	Accounts receivable-HUD		\$ 38,724.00
	To adjust bonds payable to bank confirmation and loan amortization schedule.		

CAPITAL FUND PROGRAM

(1)

347	Interprogram due to	\$ 61,517.00	
122	Accounts receivable-HUD		\$ 738.00
144	Interprogram due from		60,779.00
	To adjust balances to zero.		

(2)

1104	Prior period adjustment	7,256.00	
1002	Operating transfer out	142,202.00	
162	Buildings		58,723.00
163	Furniture, equipment & machinery-dwellings		14,806.00
164	Furniture, equipment & machinery-administration		1,667.00
706.1	Capital grants		74,262.00